

STATE OF MICHIGAN  
**DESCRIPTIONS OF DEBT SERVICE FUNDS**  
FISCAL YEAR ENDED SEPTEMBER 30, 1999

**COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND**

This fund was established pursuant to P.A. 51 of 1951, as amended, to account for debt service on all State Trunkline Fund related bond issues. The bonds are not general obligations of the State. The bonds are payable solely out of funds restricted for transportation purposes by Article 9, Section 9, of the Michigan Constitution and irrevocably pledged by law for deposit in the State Trunkline Fund. Debt service requirements are funded by annual appropriations in the State Trunkline Fund.

**WATER POLLUTION CONTROL BOND AND INTEREST REDEMPTION FUND**

Public Act 329 of 1966 established this fund to account for the retiring of bond issues of the Water Pollution Control Bond Fund. The Legislature appropriates funds from the General Fund to meet the bond principal and interest requirements and paying agent fees.

**COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND**

This fund was established pursuant to P.A. 51 of 1951, as amended, to account for debt service on all Comprehensive Transportation Fund related bond issues. The bonds are not general obligations of the State. The bonds are payable solely out of funds restricted for comprehensive transportation purposes by Article 9, Section 9, of the Michigan Constitution and irrevocably pledged by law for deposit in the Comprehensive Transportation Fund. Debt service requirements are funded by annual appropriations in the Comprehensive Transportation Fund.

**RECREATION AND ENVIRONMENTAL PROTECTION BOND REDEMPTION FUND**

This fund was established pursuant to P.A. 326 and 327 of 1988 to service bond issues of the Recreation Bond Fund-Local Projects, Recreation Bond Fund-State Projects, and the Environmental Protection Bond Fund. Financing of debt retirement, interest expense, and paying agent fees is provided by annual legislative appropriation from the General Fund.

**SCHOOL LOAN BOND REDEMPTION FUND**

Public Act 74 of 1955 established this fund to account for debt service on general obligation bonds issued to finance loans to local school districts. The School Bond Loan Fund, a special revenue fund, receives the State bond proceeds and makes the loans. The Legislature appropriates funds from the General Fund to meet principal and interest requirements and paying agents fees.

**STATE BUILDING AUTHORITY**

The State Building Authority was created pursuant to P.A. 183 of 1964, as amended, to issue bonds to finance the acquisition or renovation of buildings for use by the State or public institutions of higher education. Public Act 248 of 1988 also permits Authority bonding of state equipment.

The projects of the Authority are financed by revenue bonds, the proceeds of which can only be used for construction and debt service on projects related to particular bond issues. For completed projects, the resources to finance bond interest and redemption are provided by operating transfers from the General Fund and from investment earnings of this fund. During construction, debt service requirements are financed by a portion of the bond proceeds which are dedicated for that purpose. When a project is completed, the remaining net assets are transferred to this fund where they are invested and used for debt service. Excess balances related to a particular bond series remaining in the fund after the final payment on the bond series are transferred to the General Fund.

**MICHIGAN UNDERGROUND STORAGE TANK FINANCIAL ASSURANCE FINANCE AUTHORITY**

The Michigan Underground Storage Tank Financial Assurance Finance Authority was created by P.A. 132 of 1993 to provide financing for the activities of the Michigan Underground Storage Tank Financial Assurance Fund, including short or long-term debt instruments. The Authority is governed by a five member board of directors.